

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS LAGOS 000344

SIPDIS

E.O. 12598: N/A

TAGS: [ELAB](#) [ENRG](#) [EPET](#) [EFIN](#) [PGOV](#) [NI](#)

SUBJECT: NIGERIA: DEPARTMENT OF PETROLEUM RESOURCES

EMPLOYEES BEGIN STRIKE

REF: LAGOS 000332

1. On Saturday, February 15, employees from the Department of Petroleum Resources (DPR) went on strike to contest unpaid salaries and benefits and protest the GON's refusal to grant DPR autonomy. DPR is the agency that supervises tanker loadings and authorizes movement of crude oil at Nigeria's eight oil exports terminals. Sina Luwoye, President of the Petroleum and Natural Gas Senior Staff Association of Nigeria sent a letter to DPR management over the weekend warning that if demands are not met by Tuesday, February 18, PENGASSAN would order all of its members to join the strike. Post contacted PENGASSAN's Deputy General Secretary Bayo Olowosile this morning. He confirmed

SIPDIS

Luwoye's warning, however, he added that PENGASSAN's Executive Council must make the final decision regarding an association-wide national strike.

2. A DPR Spokeswoman told journalists over the weekend that the GON has unfolded a contingency plan to counter the strike. She said DPR plans to send its management staff to depots, terminals and jetties to ensure that operations are not disrupted. Replacement staff will be used to sustain operations at five export terminals operated by Exxon Mobil, ChevronTexaco, Royal Dutch/Shell, Italy's Agip, and CVX Research. Econoff spoke with a US oil representative this morning, who reported that as of now, it is unclear what impact this strike will have on exports. If DPR managers actually deploy in the field "with the keys to the valves," as reported, the impact may be minimal. Even if DPR managers cannot keep oil moving out to tankers at current rates, crude will likely continue to be lifted, processed and sent to each company's onshore storage facilities under normal routine. The representative stated his company usually loads two tankers per week for export, and if any one company has difficulties loading, others will likely be given the opportunity to increase their share of outbound production. Exports will likely be affected if striking workers can create a uniform impact at all export facilities simultaneously. The representative also noted that world oil prices may be affected simply by news of the strike, which has been covered by CNN and the New York Times, even if export production from Nigeria is not actually diminished.

3. Comment: The strike has already created crowds at local gas stations amid public concerns of a possible fuel shortage. Several gas stations in Abuja are also limiting the sale of fuel to the public due to fears of confrontation with PENGASSAN. If PENGASSAN orders a nationwide work stoppage, the other oil and gas union, the National Union of Petroleum and Natural Gas Workers (NUPENG) will probably offer passive support. Under an existing pact between NUPENG and PENGASSAN, a single body called NUPENGASSAN was established to promote greater cooperation between the two unions, particularly in disputes involving industrial action. Although NUPENG has not issued a statement on the matter, a joint NUPENG-PENGASSAN strike is possible but unlikely. Regardless of what NUPENG decides, since the work performed by union members from both sides is interrelated, a prolonged PENGASSAN strike will significantly diminish overall productivity. We will know by tomorrow whether the DPR strike will spread to the industry at large.

Hinson-Jones